Drawbacks in industrial policy for NER

3659. SHRI AIMADUDDIN AHMED KHAN (DURRU): Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Federation of Industries and Commerce of the North-Eastern Region (FICNER) has in a memorandum recently called upon Government to rectify the drawbacks in the special industrial policy for the North-Eastern Region;

(b) if so, the drawbacks pointed out in the policy; and

(c) what is Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN SINGH): (a) Yes, Sir.

(b) FICNER has requested for removal of locational restriction, Freight subsidy against transportation of iron and steel materials under Transport Subsidy Scheme and removal of MAT (Minimum Alternative Tax).

(c) Ministry of Finance have not agreed to the proposal for removal of locational restriction. As per the decision of Planning Commission, Transport Subsidy Scheme stands transferred to State Government with effect from 1.4.2002. All the North Eastern States are listed in VIIIth Scheduled of Income Tax Act, 1961. Under Section 10-C, industries in locations like Growth Centres and IIDCs in the NE Region are exempted from income-tax for a period of ten years. Under Section 80-IB, notified industries in NE Region have also been given ten years' tax holiday besides the benefit already

available in the VIIIth Schedule. MAT is intended to ensure that companies which avail multiple benefits under the Income-tax Act, 1961, also pay a minimum amount of tax.

Performance of STC

3660. SHRI K.B. KRISHNA MURTHY: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the State Trading Corporation of India manages to generate profits;

(b) if so, the details of its sources of profit and to what extent;

(c) whether the STC still tries to contain its expenditure on entertainment, public relation, foreign travels of top executives etc. commensurate with its steeply declining income; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI RAJIV PRATAP RUDI): (a) Yes, Sir.

(b) The primary sources of income of State Trading Corporation of India are (i) Trading Operations (41%), (ii) Rentals (13%) and (iii) Interest, dividend and other sources (46%).

(c) and (d) The overall expenditure on entertainment, public relations, foreign travels of top executives etc. has fallen considerably in recent years. The expenditure, on above stated heads, was reduced from Rs. 3.20 crores in 2000-2001 to Rs. 1.84 crores (estimated figures) in 2001-2002.